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OFFICE OF THE CLERK  
FEDERAL MARITIME COMMISSION

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-3701

September 25, 2003

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Federal Maritime Commission Members  
C/O Bryant L. VanBrakle  
Secretary  
800 North Capitol Street, NW  
Washington, DC 20573

P3-03

Dear Commissioners:

I am writing in support of United Parcel Service's (UPS) petition to be exempted from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, the antiquated regulatory scheme governing NVOCCs should be revised.

When revisions to the Ocean Shipping Reform Act (OSRA) were considered in 1998, Congress carefully considered all aspects of the ocean **shipping** industry, including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress decided to regulate NVOCCs differently than vessel operators. While NVOCCs such as UPS must offer a standard, published rate structure, vessel operators can negotiate confidential contracts at rates below the published rates charged by NVOCCs.

Since OSRA's last revision, the state of the US ocean shipping industry has changed dramatically. There has been unprecedented consolidation among ocean carriers, resulting in the loss of major US flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated companies that now directly compete with NVOCCs.

UPS operates the most sophisticated integrated intermodal transportation network in the world, including air, rail, surface, and NVOCC transportation. The company's petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the Federal Maritime Commission (FMC). By granting this petition, the FMC will acknowledge these changes and level the playing field between NVOCCs and vessel operators, and ultimately benefiting consumers around the world.

Thank you in advance for your **time** and consideration. I hope that the FMC will consider and approve UPS' petition.

With warm regards,

David Wu  
Member of Congress